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State/Territory Name: VA

State Plan Amendment (SPA) #: 24-0020

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

January 6, 2025

Cheryl J. Roberts, Agency Director
Department of Medical Assistance Services
600 East Broad St, #1300
Richmond, VA 23219

RE: TN 24-0020

Dear Agency Director:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Commonwealth of Virginia state plan amendment (SPA) to Attachment 4.19-A VA 24-0020, which was submitted to CMS on (November 1, 2024). This plan amendment will make supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, for an acute care hospital chain with a level one trauma center.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of November 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Kristina Mack at 617-565-1225 or via email at Kristina.Mack-Webb@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 2 0

2. STATE

V A

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT



XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

11/1/2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 25,800,000

b. FFY 2026 \$ 25,468,900

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, revised page 10

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Same as box #7.

9. SUBJECT OF AMENDMENT

Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

Secretary of Health and Human Resources

12. TYPED NAME
Cheryl J. Roberts

13. TITLE
DMAS Director

14. DATE SUBMITTED
Sept. 30, 2024

15. RETURN TO

Department of Medical Assistance Services
600 East Broad Street, #1300
Richmond VA 23219

Attn: Policy, Regulations, and Manuals Supervisor

FOR CMS USE ONLY

16. DATE RECEIVED
November 1, 2024

17. DATE APPROVED
January 6, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
November 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT SERVICES

C. An additional IME payment shall be made for inpatient hospital services provided to Medicaid patients but reimbursed by capitated managed care providers.

1. For Type Two hospitals, this payment shall be equal to the hospital's hospital specific operating rate per case, as determined in 12 VAC 30-70-311, times the hospital's HMO paid discharges times the hospital's IME percentage, as determined in subsection B of this section

2. For Type One hospitals, this payment shall be equal to the hospital's hospital specific operating rate per case, as determined in 12 VAC 30-70-311, times the hospital's HMO paid discharges times the hospital's IME percentage, as determined in subsection B of this section. Effective April 1, 2012, the operating rate per case used in the formula shall be revised to reflect an adjustment factor of one and case mix adjusted by multiplying the operating rate per case in this subsection by the weight per case for FFS discharges that is determined during rebasing. This formula applied to CHKD effective July 1, 2017.

3. For CHKD, effective July 1, 2022, the IME reimbursement for managed care discharges shall be calculated using a case mix adjustment factor the greater of 3.2962 or the most recent rebasing. Total payments for IME in combination with other payments for CHKD may not exceed the hospital's Medicaid costs.

4. Effective November 1, 2024, an additional IME payment for managed care discharges shall be made annually to an acute care hospital with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020. The payment shall be based on the formula for Type One hospitals in paragraph 2 (using an IME percentage as determined in subsection B of this section) minus the IME payment for managed care discharges based on the formula for Type Two hospitals in paragraph 1. This additional IME payment shall not exceed \$43 million in FY25. In future years, the payment shall be determined at the beginning of the fiscal year using the most current information available and shall be final.

D. An additional IME payment not to exceed \$200,000 in total shall be apportioned among Type Two Hospitals excluding freestanding children's hospitals with Medicaid NICU utilization in excess of 50 percent as reported to the Department of Medical Assistance Services as of March 1, 2004. These payments shall be apportioned based on each eligible hospital's percentage of Medicaid NICU patient days relative to the total of these days among eligible hospitals as reported by March 1, 2004.

E. An additional IME not to exceed \$500,000 in total shall be apportioned among Type Two hospitals, excluding freestanding children's hospitals, with Medicaid NICU days in excess of 4,500 as reported to the Department of Medical Assistance Services as of March 1, 2005, that do not otherwise receive an additional IME payment under subsection D of this section. These payments shall be total of these days among eligible hospitals as reported by March 1, 2003.

F. Effective July 1, 2013, total payments of IME in combination with other payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 may not exceed the federal uncompensated care cost limit that disproportionate share hospital payments are subject to. Effective July 1, 2017, IME payments cannot exceed the federal uncompensated care cost limit to which disproportionate share hospital payments are subject, excluding third party reimbursement for Medicaid eligible patients.

G. Effective July 1, 2018, an additional \$362,360 IME payment shall be added to the IME payment calculated in Section B.2 for the Children's National Medical Center.

TN No. 24-0020
Supersedes

Approval Date January 6, 2025

Effective Date 11/1/2024

TN No. 22-0017

HCFA ID: